

## Message Text

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ORIGIN EB-07

INFO OCT-01 ISO-00 STR-04 TRSE-00 AGR-10 FEA-01 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

TAR-01 USIA-15 PRS-01 SP-02 OMB-01 AF-06 ARA-10 EA-09

EUR-12 NEA-10 OIC-02 /144 R

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STR:MPOMERANZ

TREASURY:COUELETTE

USDA:RBELL

EUR/CAN:DBLAKEMORE

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P 092249Z SEP 75

FM SECSTATE WASHDC

TO USMISSION GENEVA PRIORITY

AMEMBASSY OTTAWA

UNCLAS STATE 214376

E.O. 11652: N/A

TAGS: ETRD, GATT, CA

SUBJECT: GATT RULING ON CANADIAN IMPORT QUOTAS ON EGGS

REF: STATE 212488

1. FOR GENEVA. PARAGRAPH 3 BELOW CONTAINS TEXT OF LETTER REQUESTING AN ADVISORY RULING ON POINTS AT ISSUE IN US-CANADIAN CONSULTATIONS ON CANADA'S QUOTA ON EGGS. MISSION SHOULD DELIVER THE LETTER AS SOON AS POSSIBLE AND MAKE A COPY AVAILABLE TO CANADIAN DELEGATION.

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2. FOR OTTAWA. YOU SHOULD INFORM CANADIANS OF OUR REQUEST TO THE GATT COUNCIL FOR AN ADVISORY RULING, MAKING

AVAILABLE A COPY OF OUR LETTER. YOU SHOULD INFORM THEM THAT WE ARE PREPARED TO CONTINUE THE CONSULTATIONS WITH THEM IN THE SEARCH FOR A BILATERAL SOLUTION. WE BELIEVE THAT A GATT ADVISORY RULING WILL FACILITATE CONCILIATION AND RESOLUTION OF THIS ISSUE. IF ASKED, EMBASSY SHOULD RESPOND THAT WE HAVE ADDED QUESTION THREE TO LETTER TO FLESH OUT ALL THREE ISSUES WHICH ARE IMPORTANT TO CONCILIATION PROCESS WE SEEK.

3. BEGIN TEXT: ON JULY 4 THE CANADIAN GOVERNMENT ANNOUNCED THE IMPOSITION OF GLOBAL IMPORT QUOTAS ON EGGS AND EGG

PRODUCTS (L/4207 DATED JULY 23, 1975). FOR CY 1975 THE QUOTAS WILL LIMIT SHELL EGG IMPORTS TO 54,000 CASES, (1,620,000 DOZEN) POWDERED EGGS TO 843,600 POUNDS (SHELL EGG EQUIVALENT 2,530,800 DOZEN) AND FROZEN EGG PRODUCTS TO 2,168,280 POUNDS (SHELL EGG EQUIVALENT 1,711,800 DOZEN). IMPORTS OF THESE PRODUCTS WILL BE SUBJECT TO INDIVIDUAL IMPORT LICENSE ALLOCATION WITHIN THE QUOTAS AND IMPORT LICENSES WILL BE APPORTIONED TO IMPORTERS BASED ON HISTORICAL PERFORMANCE, WITH A PROVISION TO ACCOMMODATE NEW ENTRANTS.

SINCE THE IMPOSITION OF THE QUOTAS ON JULY 5, THE UNITED STATES AND CANADIAN GOVERNMENTS HAVE HELD BILATERAL CONSULTATIONS ON THE IMPACT OF THESE QUOTAS ON US TRADE INTERESTS. WHILE THESE CONSULTATIONS HAVE BEEN USEFUL AND ARE CONTINUING, THERE IS A DIFFERENCE OF OPINION BETWEEN THE TWO GOVERNMENTS ON WHETHER THE CANADIAN SYSTEM, INCLUDING THE IMPORT QUOTAS PRESENTLY IN FORCE, COMPLIES WITH THE REQUIREMENTS OF GATT ARTICLE XI.

THE US GOVERNMENT BELIEVES IT WOULD BE USEFUL IN RESOLVING THIS PROBLEM IF THE GATT ISSUES WERE CLARIFIED BY THE CPS. THEREFORE, USG REQUESTS THE CPS TO EXAMINE AND PROVIDE AN ADVISORY RULING ON THE FOLLOWING POINTS AT ISSUE:

1. DOES THE CANADIAN SUPPLY MANAGEMENT SYSTEM ON UNCLASSIFIED  
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EGGS CONFORM TO THE REQUIREMENTS OF GATT ARTICLE XI?

2. IS THE BASIS FOR DETERMINING THE IMPORT QUOTAS IN ACCORD WITH THE REQUIREMENTS OF THE LAST PARAGRAPH OF ARTICLE XI?

3. IRRESPECTIVE OF FINDINGS UNDER 1 AND 2 ABOVE, DOES THE IMPOSITION OF THE CANADIAN QUOTA UNDER ARTICLE XI CONSTITUTE NULLIFICATION AND IMPAIRMENT OF A PRIOR BINDING.

IN VIEW OF THE IMPORTANCE OF AN ADVISORY RULING ON THESE ISSUES TO BOTH THE US AND CANADIAN GOVERNMENTS AND OUR DESIRE TO RESOLVE THIS ISSUE AT THE EARLIEST POSSIBLE DATE, THE USG BELIEVES A TIMELY ADVISORY RULING BY THE CONTRACTING PARTIES WOULD BE MOST USEFUL. THE USG REQUESTS, THEREFORE, THAT THE COUNCIL MEET AT THE EARLIEST POSSIBLE DATE TO ESTABLISH A WORKING PARTY WITH INSTRUCTIONS TO REPORT ITS FINDINGS TO THE COUNCIL NO LATER THAN DECEMBER 1, 1975. END TEXT. KISSINGER

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